APPENDIX

Revenue Act of 1926, 44 Stat. 9:

SEC. 900. Subdivision (a) of section 600 of the Revenue Act of 1918, as amended, is amended to read as follows:

"SEC. 600. (a) There shall be levied and collected on all distilled spirits now in bond or that have been or that may be hereafter produced in or imported into the United States, in lieu of the internal-revenue taxes now imposed thereon by law, an internal-revenue tax at the following rates, to be paid by the distiller or importer when withdrawn, and collected under the provisions of existing law:

"(1) Until January 1, 1927, $2.20 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon;

"(2) On and after January 1, 1927, and until January 1, 1928, $1.65 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon; and

"(3) On and after January 1, 1928, $1.10 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon.

"(4) On and after the enactment of the Revenue Act of 1926, on all distilled spirits

which are diverted to beverage purposes or for use in the manufacture or production of any article used or intended for use as a beverage there shall be levied and collected a tax of $6.40 on each proof gallon or wine gallon when below proof, and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon, to be paid by the person responsible for such diversion. If a tax at the rate of $2.20, $1.65, or $1.10 per proof or wine gallon has been paid upon such distilled spirits a credit of the tax so paid shall be allowed in computing the tax imposed by this paragraph."

* * * * *

(U. S. C., Title 26, Secs. 1150, 1275.)

NATIONAL PROHIBITION ACT, 41 Stat. 305:

TITLE II

SEC. 6. No one shall manufacture, sell, purchase, transport, or prescribe any liquor without first obtaining a permit from the commissioner so to do, * * *

* * * * *

The commissioner may prescribe the form of all permits and applications and the facts to be set forth therein. Before any permit is granted the commissioner may require a bond in such form and amount as he may prescribe to insure compliance with the terms of the permit and the provisions of this title. In the event of the refusal by the commissioner of any application for a permit, the applicant may have a review of his decision before a court of equity in the manner provided in section 5 hereof.

* * * * *

(U. S. C., Title 27, Sec. 16.)

TITLE III

SEC. 13. The commissioner shall from time to time issue regulations respecting the establishment, bonding, and operation of industrial alcohol plants, denaturing plants, and bonded warehouses authorized herein, and the distribution, sale, export, and use of alcohol which may be necessary, advisable, or proper, to secure the revenue, to prevent diversion of the alcohol to illegal uses, and to place the nonbeverage alcohol industry and other industries using such alcohol as a chemical raw material or for other lawful purpose upon the highest possible plane of scientific and commercial efficiency consistent with the interests of the Government, and which shall insure an ample supply of such alcohol and promote its use in scientific research and the development of fuels, dyes, and other lawful products.

Denatured Alcohol Act of 1906, 34 Stat. 217:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That from and after January first, nineteen hundred and seven, domestic alcohol of such degree of proof as may be prescribed by the Commissioner of Internal Revenue, and approved by the Secretary of the Treasury, may be withdrawn from bond without the payment of internal-revenue tax, for use in the arts and industries, and for fuel, light, and power, provided said alcohol shall have been mixed in the presence and under the direction of an authorized Government officer, after withdrawal from the distillery warehouse, with methyl alcohol or other denaturing material or materials, or admix-

ture of the same, suitable to the use for which the alcohol is withdrawn, but which destroys its character as a beverage and renders it unfit for liquid medicinal purposes; such denaturing to be done upon the application of any registered distillery in denaturing bonded warehouses specially designated or set apart for denaturing purposes only, and under conditions prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury.

The character and quantity of the said denaturing material and the conditions upon which said alcohol may be withdrawn free of tax shall be prescribed by the Commissioner of Internal Revenue, who shall, with the approval of the Secretary of the Treasury, make all necessary regulations for carrying into effect the provisions of this Act.

Distillers, manufacturers, dealers and all other persons furnishing, handling or using alcohol withdrawn from bond under the provisions of this Act shall keep such books and records, execute such bonds and render such returns as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulation require. Such books and records shall be open at all times to the inspection of any internal-revenue officer or agent.

* * * * *

(U. S. C., Title 26, Sec. 1320.)

Treasury Regulations 61 (Revised July, 1925):

ART. 110. A manufacturer desiring to use specially denatured alcohol for manufacturing purposes must file application for permit on Form 1479, in duplicate, with the Federal prohibition administrator of the

district in which the applicant proposes to conduct his business. * * *

* * * * *

Bond, Form 1480, must be filed by the applicant, in duplicate. In case of the approval of the application, one copy of the bond will be retained by the administrator and one forwarded to the commissioner.

The penal sum of the bond shall in no case be less than $500, or more than $100,000, and shall be graduated in accordance with the quantity of alcohol on hand, in transit, or unaccounted for in each 30-day period.

* * * * *

Existing bonds, Form 582A, may be continued where the penal sum is sufficient to cover the estimated quantity, and all new bonds will be executed on Form 1480. Such bonds shall continue in force until canceled or revoked. In the event of any change in location of the premises the consent in writing thereto of the sureties must be obtained in duplicate and a copy attached to both the original and duplicate bonds.

Manufacturers shall file bonds amply sufficient to cover their needs, and under no circumstances will they be permitted to purchase or receive specially denatured alcohol in excess of the quantity named in the application. * * * Failure to observe this requirement will be regarded as sufficient cause for the revocation of the manufacturer's permit.

Treasury Regulations 3 (Revised August, 1927):

ART. 112. A manufacturer desiring to use specially denatured alcohol for manufacturing purposes must file application for permit on Form 1479, in duplicate, with the admin-

istrator of the district in which the applicant proposes to conduct his business. * * *

* * * * *

Bond, Form 1480, must be filed by the applicant in duplicate. In case of the approval of the application the original bond will be retained by the administrator and the duplicate forwarded to the commissioner.

The penal sum of the bond shall in no case be less than $500, or more than $50,000, and shall be graduated in accordance with the quantity of alcohol on hand, in transit, or unaccounted for in each 30-day period.

* * * * *

Where the quantity of alcohol involved is more than 5 wine gallons, but not more than 250 wine gallons, the penal sum of the bond shall be not less than $500. Where the quantity approved exceeds 250 wine gallons but does not exceed 500 wine gallons the penal sum shall be not less than $1,000. In the event of approval of larger quantities than 500 wine gallons, the penal sum will be computed at the rate of $2 for each wine gallon authorized to be withdrawn. Provided, that bonds given for larger quantities than 500 wine gallons must be in multiples of $1,000.

* * * * *

U. S. GOVERNMENT PRINTING OFFICE : 1941